Best Business Cities 1990

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Cushman & Wakefield
Business America Real Estate Monitor
Executive Summary

CUSHMAN & WAKEFIELD.

A ROCKEFELLER GROUP COMPANY

Business America's Real Estate Firm

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1990

The Fifth Survey

Interviewing: July–August 1990

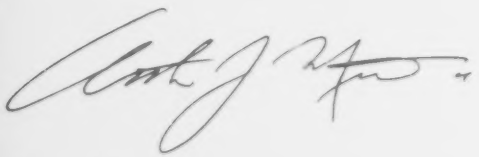
Conducted for Cushman & Wakefield by
Louis Harris and Associates, Inc.

We are pleased to share with you the findings of the Fifth Cushman & Wakefield *Monitor*. Our annual poll asks American chief executive officers which cities are best for locating a business; which of these will see the most improvement in the next 12 months; which other cities will become business centers; and opinions on other real estate and economic issues.

As America moves in the 1990s, the *Cushman & Wakefield Business America Real Estate Monitor* registers a sobering of mood about the economy and a refocusing of priorities which provide the backdrop for some significant shifts in the way biggest business locations are perceived.

Cushman & Wakefield is committed to providing business with information to make informed real estate decisions. In addition to the data in this report, Cushman & Wakefield offers real estate analysis on markets across the country. Our specialists are available to answer any questions you might have.

We welcome your inquiries and comments on this *Executive Summary* of the *Monitor*.



Arthur J. Mirante II
President & Chief Executive Officer

Highlights from the Findings

Seattle Moves into the Top Position as a Business Location

For the first time, Seattle ranks as the best place to locate a business in the United States, breaking Atlanta's record as number one since the inception of the *Monitor* in 1986.

- With 33% of CEOs familiar with the area ranking it as "excellent," Seattle ranks as the number-one place to locate a business when the 31 largest metropolitan areas are tested as business locations.
- A decisive factor in Seattle's win appears to be its very high rating on "quality of life for employees." For locating office facilities, it ranks as the number one city for quality of life, up from 3rd place last year.
- Fully 35% of CEO's familiar with Seattle think it will be an even better place to do business in twelve months, putting it in 7th place out of 31 on that measure.

Sacramento Moves Up to Number Two in 1990

Sacramento has soared upward since 1989, when it was the fifteenth-ranked city, to 2nd place today with 29% of CEOs familiar with it rating it an "excellent place to locate a business."
Its rapid rise seems to be based on expectations for improvement, especially on quality of life for employees and governmental climate as they apply to industrial facilities.

- Sacramento may be seen as an emerging market, with 43% of executives familiar with the area expecting it to have "better business conditions in 12 months," moving it from 6th position into 4th on that measure.
- Sacramento ranks among the top ten cities on 6 out of 11 attributes rated by executives.
- Ratings on quality of life for industrial employees have improved during the past year; Sacramento has moved up in rank from number 13 to number 7 since 1989.
- "Governmental climate" for both office and industrial facilities is also a positive feature for Sacramento. Sacramento ranks in the top ten for each and has moved up from 13th place to 9th place for industrial facilities in the past year.

Portland Soars from 27 to Number 3

Dramatically, Portland has improved its overall ranking as an excellent place to do business today – from 27th place to 3rd place. This is attributable to marked improvement in its score on quality of life for both office and industrial employees. It is noteworthy that Portland is among the bottom half of the list on 4 out of 11 individual attributes, yet still manages to achieve a very high overall ranking.

- 31% of CEOs familiar with Portland foresee that this area will be an even better place to do business in twelve months, for a rise in rank from 11th to 9th place.
- 42% say that Portland is "excellent" on quality of life for office facility employees, putting it in 2nd place, following Seattle, up from 5th place last year. 37% rate it "excellent" on quality of life for industrial employees, putting it into the number-one position for this attribute, up from 5th place last year.
- Portland also does fairly well on the cost and availability of labor for both office (7th place) and industrial (8th place) facilities, up from 11th and 14th place respectively in 1988.

Norfolk Also in Top Ten for the First Time

With an improvement in its overall rank from 19th to 4th place, Norfolk has emerged as a strong industrial center, showing improvements on all attributes for locating manufacturing, warehouse or distribution facilities.

- Norfolk has moved from 23rd place last year to 8th place today on governmental climate for industrial facilities, from 29th position last year up to number 11 on easy access to raw materials, from 22nd place in 1988 to 4th this year on the cost and availability of industrial labor, and from 31st place last year to number 20 this year on "the availability of sites with existing services."
- 31% of CEOs familiar with Norfolk think it will be an even better place to do business in twelve months, moving it from 15th to 10th place since last year on that measure.

The Worst is Over in Texas and the "Oil Patch"

Dallas-Fort Worth, Houston, San Antonio, Denver and New Orleans all show signs of rebirth in these findings.

- On the overall rating as an "excellent" place to locate a business today, Dallas-Fort Worth now ranks 8th, up from 17th last year; Houston 15th, up from 26th; San Antonio 11th, up from 22nd; Denver 17th, up from 28th; and New Orleans 22nd, up from 31st.
- Dallas-Fort Worth ranks among the top ten cities on all specific factors for both office and industrial facilities, and ranks among the top *three* cities on the cost and availability of labor, access to markets, governmental climate, and the availability of office space and industrial sites. 62% of executives familiar with the area expect Dallas-Fort Worth to do even better in the coming year.
- Houston is also recovering economically – business conditions are expected to improve more next year by 63% of executives familiar with Houston, (up from 48% in 1989), making it the number one city for improvement in 1991. A governmental climate conducive to both office and industrial locations and the number-one position in the country for labor availability and costs help explain Houston's dramatic upswing in the overall rankings for 1990.
- San Antonio shows dramatic improvement on quality of life for office workers, government climate for office facilities, the availability of fully-serviced industrial sites and access to raw materials.
- Denver maintains high rankings on quality of life for employees and availability of both office and industrial sites, and is now number 3 (up from 5th place last year) on the list of cities expected to have better general business conditions in the next twelve months.
- New Orleans' specific ratings continue to be mediocre to low, but it shows improvement in the rankings since last year on the availability of office space and fully-serviced industrial sites, governmental climate for industrial facilities, and access to raw materials – and has moved from 21st to 15th place as a city where conditions are expected to improve.

Big Drops in Older Cities

All of the traditionally large urban financial industrial centers experienced a decline in overall ratings in 1990.

- New York fell from number 12 in 1989 to number 28 this year, Boston from 14th to 25th, Chicago from 4th to 14th, Los Angeles from 9th to 20th, Washington, D.C. from 11th to 21st and most dramatically, Baltimore from 10th to 27th. Detroit slipped from number 29 to number 31, and Philadelphia dropped from 18th to 30th.
- All of these cities score poorly on quality of life. On the quality of life for office workers, Baltimore ranks 22nd, Chicago ranks 24th, Detroit ranks 31st, Los Angeles ranks 28th, New York ranks 30th, Philadelphia ranks 25th and Washington, D.C. ranks 27th; on quality of life for industrial employees, Baltimore ranks 18th, Chicago ranks 21st, Detroit ranks 29th, Los Angeles ranks 27th, New York ranks 30th, Philadelphia ranks 23rd, and Washington, D.C. ranks 28th.
- Governmental climate is also a factor on which the decline of these major areas seem to pivot. For office facilities, Baltimore ranks 23rd, Boston 27th, Chicago 22nd, Detroit 20th, Los Angeles 29th, New York 31st, Philadelphia 24th, and Washington, D.C. 26th. Regarding industrial facilities, Baltimore ranks 14th, Boston 30th, Chicago 23rd, Detroit 25th, Los Angeles 28th, New York 31st, Philadelphia 24th, and Washington, D.C. 27th.

Business America is Uncertain and Cautious About the Future of the Economy

CEO's are as unsure and nervous about the economy as everyone else. Compared to last year, more expect long-term interest rates to drift up and capital spending down, even as their expectations for inflation and wage rates remain largely unchanged.

- CEOs offer a mixture of expectations on interest rates; 32% of executives expect long-term interest rates will be higher over the next year, compared to only 24% in 1989; 31% say they expect interest rates will be about the same, compared to 28% in 1989; and 35% expect interest rates will be lower in the next year, compared to 48% in 1989.
- 44% of executives expect inflation to be higher during the next 12 months, and 47% expect it to remain about the same, similar to findings in 1989.
- Expectations for wage rates show little change in direction; 57% predict they will be higher in the next year (down slightly than the 64% who said the same thing last year). 39% expect them to remain about the same, compared to 33% in 1989.
- Capital expenditures appear to be flattening out over the next year; 37% report at least somewhat of an increase, compared to 54% in 1989 and 56% in 1988. 42% expect their capital expenditures will stay the same over the next year, compared to 34% in both 1989 and 1988.

Plans for Acquisition of New Facilities Down (Again) This Year

Given the atmosphere of economic uncertainty, as in 1989, the proportion of CEOs reporting plans for new locations of either office space or industrial facilities has decreased.

- Following a downward trend, only 56% of CEOs plan to acquire, lease, build, or renovate new office space in the next twelve months, compared to 59% in 1989 and 64% in 1990.
- Manufacturing space plans also experience a continued contraction, falling from 58% in 1988 to 54% in 1989 to only 48% in 1990.

Los Angeles Takes the Lead in Office Space, New York on Industrial

- Los Angeles, number 20 on the list of "excellent" places to locate a business today, ranks number one for planned office facilities in the upcoming year, with 9% of CEOs who plan to acquire office space in the next twelve months reporting their intentions to locate an office facility there. Following on the list of planned office locations are Chicago (8%), New York (7%), Phoenix (6%), Atlanta (6%), and Dallas-Fort Worth (6%).
- For industrial space the New York metropolitan area is the number-one location (cited by 8% of those who plan to acquire industrial space), despite its number-28 ranking as a place to locate a business. Conditions in New York may deteriorate, but its importance as a link for imports, exports and national distribution cannot be ignored. Philadelphia (7%) is number-two on the list of planned industrial locations.

The Best Places to Locate a Business Today

Base: Familiar with each location

Q.: In terms of general business conditions as they relate to companies such as yours, how would you rate the (READ EACH ITEM AS APPROPRIATE) area as a place to locate a business today – excellent, very good, only fair, or poor?*

Base:	1990		1989		1988	
	Rank #	Excellent %	Rank #	Excellent %	Rank #	Excellent %
Atlanta	6	20	1	38	1	39
Baltimore	27	8	10	21	26	8
Boston	25	9	14	20	3	21
Chicago	14	14	4	24	4	20
Cincinnati	13	15	13	20	17	14
Cleveland	24	9	24	12	29	5
Columbus	7	20	8	21	9	17
Dallas-Fort Worth	8	19	17	17	5	20
Denver	17	13	28	10	27	8
Detroit	31	4	29	9	28	8
Houston	15	14	26	11	24	9
Kansas City	12	16	21	14	20	10
Los Angeles	20	11	9	21	6	19
Miami	29	6	30	7	25	9
Milwaukee	26	8	16	18	30	5
Minneapolis-St. Paul	9	18	7	21	10	17
New Orleans	22	11	31	2	31	4
New York	28	7	12	21	14	16
Norfolk	4	22	19	16	11	17
Philadelphia	30	5	18	16	21	10
Phoenix	19	11	20	15	8	18
Pittsburgh	18	12	25	11	22	10
Portland, OR	3	24	27	10	23	9
Sacramento	2	29	15	18	13	16
St. Louis	23	9	23	13	19	11
San Antonio	11	16	22	14	18	14
San Diego	5	21	3	25	2	26
San Francisco	16	13	6	22	16	14
Seattle	1	33	2	29	12	16
Tampa	10	17	5	23	15	14
Washington, DC	21	11	11	21	7	19

* "Excellent" responses only are included here in the interest of brevity.

NOTE: Rankings on the 31-city lists are based on top-of-scale (e.g. "excellent") responses. For questions using a four-point scale, ties in ranking based on the top-of-scale response are resolved first by ranking on the higher of second scale responses and then, if necessary by the lower of the combined third and fourth scale responses.

Places Where General Business Conditions Will Improve in Twelve Months

Base: Familiar with each location

Q.: And if you had to say, do you think general business conditions there twelve months from now will be better, worse, or about the same as they are now?*

Base:	1990		1989		1988	
	Rank #	Better %	Rank #	Better %	Rank #	Better %
Atlanta	8	32	8	33	9	21
Baltimore	28	16	18	22	22	13
Boston	20	23	27	16	26	11
Chicago	21	23	22	20	23	13
Cincinnati	19	25	9	32	21	14
Cleveland	12	29	17	22	18	15
Columbus	22	22	12	28	11	20
Dallas-Fort Worth	2	62	1	53	1	38
Denver	3	46	5	36	5	28
Detroit	24	21	31	9	28	8
Houston	1	63	2	48	2	38
Kansas City	17	27	26	17	25	11
Los Angeles	26	19	24	19	27	10
Miami	27	18	30	13	29	8
Milwaukee	13	28	28	15	31	6
Minneapolis-St. Paul	14	27	13	25	12	19
New Orleans	15	27	21	20	15	17
New York	31	10	29	13	30	7
Norfolk	10	31	15	25	13	18
Philadelphia	30	12	16	23	24	13
Phoenix	11	30	10	30	7	22
Pittsburgh	18	26	19	21	19	15
Portland, OR	9	31	11	29	6	25
Sacramento	4	43	6	35	10	21
St. Louis	25	20	20	20	17	15
San Antonio	5	40	3	44	3	36
San Diego	16	27	14	25	8	21
San Francisco	23	21	23	19	16	16
Seattle	7	35	7	33	14	18
Tampa	6	40	4	36	4	29
Washington, DC	29	15	25	18	20	15

*"Better" responses only are included here in the interest of brevity.

"Absolutely Essential" Factors for Locating Office Facilities

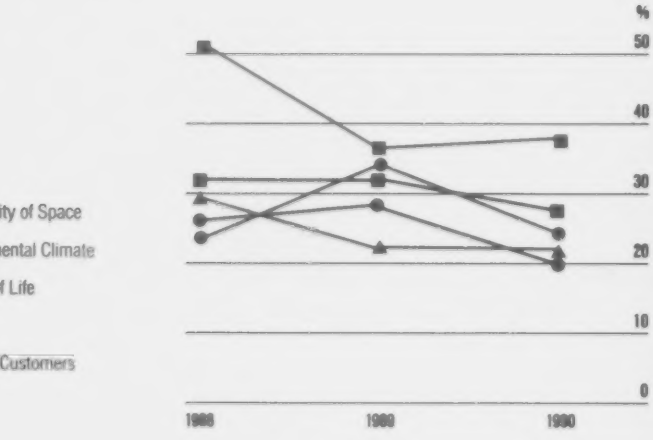
Q.: Now I'd like to discuss some of the factors corporations may consider when deciding where to locate their facilities. In thinking about locations for *office facilities,* how important to companies such as yours is (READ EACH ITEM) – absolutely essential, important but not essential, not very important, or not at all important?

Base:	1990 Total % 400 %	1989 Total % 400 %	1988 Total % 385 %
Easy access to markets, customers, or clients	39	NA*	51
The cost and availability of labor in the area	29	NA**	31
The quality of life for employees, such as the availability of housing, transportation, and recreational facilities	25	32	23
The cost, functionality, and expandability of available office space	23	22	28
The climate state and local government creates for business through tax policy and the extent of regulation	20	29	24

*In 1989: "Easy access to *domestic* markets..." 38%.
"Easy access to *international* markets..." 10%.

**In 1988: 31%.

Trends in Locating Office Facilities



1989 labor availability based on "skilled labor"

"Absolutely Essential" Factors for Locating Manufacturing, Warehouse, or Distribution Facilities

Base: Involved in wholesale, retail, or manufacturing activities

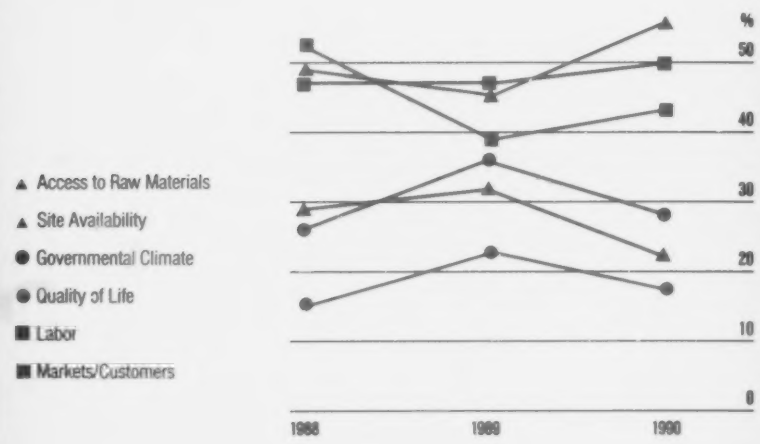
Q.: Thinking about locations for *manufacturing, warehouse, or distribution facilities,* how important to companies such as yours is (READ EACH ITEM) – absolutely essential, important but not essential, not very important, or not at all important?

Base:	1990 Total % 210 %	1989 Total % 220 %	1988 Total % 223 %
The availability of sites with existing electricity, water, sewage, and roads	55	46	49
The cost and availability of labor in the area	50	NA*	48
Easy access to markets, customers, or clients	43	NA**	51
The climate state and local government creates for business through tax policy and the extent of regulation	29	36	27
Easy access to raw materials	22	31	28
The quality of life for employees, such as the availability of housing, transportation, and recreational facilities	18	23	15

*In 1988: 48%.

**In 1989: "Easy access to *domestic* markets..." 38%.
"Easy access to *international* markets..." 9%.

Trends in Locating M/W/D Facilities



1989 labor availability based on "skilled labor"

"Excellent" Locations for Office Facilities

Easy Access to Markets, Customers, Clients

Base: Familiar with each location

Q.: When it comes to locating *office facilities,* how would you rate the (READ EACH ITEM AS APPROPRIATE) area on easy access to markets, customers, clients – would you say it is excellent, pretty good, only fair, or poor?*

Base:	1990		1989		1988	
	Rank #	Excellent %	Rank #	Excellent %	Rank #	Excellent %
Atlanta	2	37	2	56	2	39
Baltimore	13	19	14	25	13	16
Boston	8	24	4	38	6	26
Chicago	1	44	1	56	1	43
Cincinnati	18	15	11	27	24	11
Cleveland	20	15	17	22	16	14
Columbus	24	11	16	22	25	10
Dallas-Fort Worth	3	34	5	37	5	27
Denver	11	21	21	17	22	12
Detroit	23	14	23	17	19	14
Houston	10	21	18	21	11	18
Kansas City	9	23	15	23	12	16
Los Angeles	5	31	6	36	4	35
Miami	21	15	25	16	21	13
Milwaukee	26	11	29	13	30	8
Minneapolis-St. Paul	17	16	22	17	20	13
New Orleans	22	15	31	9	31	6
New York	4	33	3	49	3	38
Norfolk	29	9	20	18	15	15
Philadelphia	12	20	12	26	10	20
Phoenix	27	10	30	13	26	10
Pittsburgh	16	17	24	16	28	9
Portland, OR	31	8	26	15	26	10
Sacramento	28	9	27	15	23	12
St. Louis	14	18	13	25	9	21
San Antonio	25	11	28	15	29	9
San Diego	30	8	9	29	18	14
San Francisco	6	26	7	32	8	23
Seattle	15	18	10	27	14	15
Tampa	19	15	19	18	17	14
Washington, DC	7	26	8	32	7	24

*"Excellent" responses only are included here.

"Excellent" Locations for Manufacturing, Warehouse, or Distribution Facilities

Availability of Sites with Existing Electricity, Water, Sewage, and Roads

Base: Involved in wholesale, retail, or manufacturing activities and familiar with each location

Q.: When it comes to locating *manufacturing, warehouse, or distribution facilities,* how would you rate the (READ EACH ITEM AS APPROPRIATE) area on availability of sites with existing electricity, water, sewage, and roads – would you say it is excellent, pretty good, only fair, or poor?*

	1990		1989		1988	
Base:	Rank #	Excellent %	Rank #	Excellent %	Rank #	Excellent %
Atlanta	4	22	1	35	4	19
Baltimore	25	6	11	18	7	13
Boston	16	10	20	13	28	28
Chicago	10	14	23	12	6	13
Cincinnati	11	14	22	12	12	9
Cleveland	19	8	18	15	10	11
Columbus	5	22	10	18	23	7
Dallas-Fort Worth	1	32	2	32	3	21
Denver	3	23	5	22	11	10
Detroit	22	7	29	9	22	8
Houston	2	26	3	26	2	22
Kansas City	7	21	15	16	9	11
Los Angeles	29	3	21	13	16	9
Miami	31	–	27	10	20	8
Milwaukee	23	7	30	9	31	3
Minneapolis-St. Paul	8	17	19	14	27	6
New Orleans	18	9	28	10	15	9
New York	24	7	25	11	26	7
Norfolk	20	7	31	6	14	9
Philadelphia	27	5	26	10	21	8
Phoenix	6	22	4	22	13	9
Pittsburgh	12	14	8	19	24	7
Portland, OR	21	7	17	15	17	8
Sacramento	13	13	12	17	5	14
St. Louis	17	9	16	15	8	12
San Antonio	9	14	14	16	1	22
San Diego	26	5	7	20	25	7
San Francisco	28	4	13	17	30	4
Seattle	15	11	9	19	18	8
Tampa	14	12	6	22	19	8
Washington, DC	30	2	24	12	29	5

*"Excellent" responses only are included here.

Additional Cities and Regions Attractive to Locating Business Today

Q.: *Not* including the cities we've been talking about so far, which two or three American cities today are most attractive to locating a business like yours? (PROBE: Any others?)

Base:	1990 Total 400 %	1989 Total 404 %	Base:	1990 Total 400 %	1989 Total 404 %
Charlotte, NC	14	14	Greensboro, NC	1	3
Raleigh/Durham, NC	7	9	Greenville, SC	1	3
Orlando, FL	7	7	Buffalo, NY	1	2
Nashville, TN	7	6	Grand Rapids, MI	1	2
Indianapolis, IN	6	7	Boise, ID	1	1
Memphis, TN	6	6	Little Rock, AR	1	1
Richmond, VA	5	4	Oklahoma City, OK	1	1
Austin, TX	4	4	Rochester, NY	1	1
Tucson, AZ	4	1	Tulsa, OK	1	1
Jacksonville, FL	4	4	Harrisburg, PA	1	–
Salt Lake City, UT	4	4	Wichita, KS	1	–
Albuquerque, NM	3	2	Providence, RI	*	2
Birmingham, AL	3	2	Dayton, OH	*	1
Hartford, CT	2	5	West Palm Beach, FL	*	1
Las Vegas, NV	2	3	Honolulu, HI	*	–
Louisville, KY	2	3	Scranton, PA	*	–
Des Moines, IA	2	2	Syracuse, NY	*	–
Omaha, NE	2	1	Winston-Salem, NC	*	–
Albany, NY	2	1	Allentown, PA	–	3

Additional Cities and Regions Attractive for Locating a Business in Five Years

Q.: *Not* including any of the cities we've been talking about so far, five years from now, which two or three American cities do you think will be most attractive to locating a business like yours? (PROBE: Any other?)

Base:	1990 Total 400 %	1989 Total 404 %	Base:	1990 Total 400 %	1989 Total 404 %
Charlotte, NC	11	14	Greenville, SC	1	3
Nashville, TN	7	7	Louisville, KY	1	3
Raleigh/Durham, NC	6	9	Grand Rapids, MI	1	2
Orlando, FL	6	7	Greensboro, NC	1	2
Indianapolis, IN	4	7	Las Vegas, NV	1	2
Memphis, TN	4	5	Little Rock, AR	1	2
Jacksonville, FL	4	4	Oklahoma City, OK	1	2
Austin, TX	3	3	Albany, NY	1	1
Richmond, VA	3	3	Harrisburgh, PA	1	–
Salt Lake City, UT	3	3	Winston-Salem, NC	1	–
Albuquerque, NM	3	2	Wichita, KS	1	–
Tulsa, OK	2	2	Rochester, NY	*	1
Birmingham, AL	2	2	Honolulu, HI	*	–
Des Moines, IA	2	2	Buffalo, NY	*	2
Omaha, NE	2	2	Allentown, PA	*	1
Boise, ID	2	1	Dayton, OH	*	1
Tucson, AZ	2	1	Honolulu, HI	*	1
Hartford, CT	1	4	Providence, RI	*	1

Expectations for the Economy

Q.: To begin, I'd like to ask you a few questions about the economy and your industry. Twelve months from now, do you expect that the rate of inflation will be much higher, somewhat higher, about the same, somewhat lower, or much lower than it is today?

Base:	1990 Total 400 %	1989 Total 404 %	1988 Total 385 %
Rate of Inflation in Twelve Months			
Much higher	3	1	2
Somewhat higher	41	41	64
About the same	47	45	31
Somewhat lower	7	11	1
Much lower	–	–	–
Not sure	2	1	2

Q.: Twelve months from now, do you expect that long-term interest rates will be much higher, somewhat higher, about the same, somewhat lower, or much lower than they are today?

Base:	1990 Total 400 %	1989 Total 404 %	1988 Total 385 %
Long-Term Interest Rates in Twelve Months			
Much higher	1	1	2
Somewhat higher	31	23	70
About the same	31	28	21
Somewhat lower	34	46	4
Much lower	1	2	*
Not sure	2	1	4

Q.: What about wage rates twelve months from now – do you think they'll be much higher, somewhat higher, about the same, somewhat lower, or much lower than they are today?

Base:	1990 Total 400 %	1989 Total 404 %	1988 Total 385 %
Wage Rates in Twelve Months			
Much higher	2	1	3
Somewhat higher	55	63	60
About the same	39	33	36
Somewhat lower	3	1	*
Much lower	*	–	–
Not sure	1	1	1

*Less than 0.5%.

Expectations for the Company's Capital Expenditures in Next Twelve Months

Q.: Over the next twelve months, do you expect your company's capital expenditures to increase a great deal, increase somewhat, stay the same as they've been this year, decrease somewhat, or decrease a great deal?

Base:	1990 Total 404 %	1989 Total 404 %	1988 Total 385 %
Expect Capital Expenditures In:			
Increase a great deal	8	12	13
Increase somewhat	29	42	43
Stay the same	42	34	34
Decrease somewhat	18	9	8
Decrease a great deal	2	2	2
Not sure	1	1	1

Location Plans for Office Operations in the Next Twelve Months

Q.: Thinking about all of your *office operations* in the United States, in the *next twelve months* do you plan to (READ EACH ITEM), or not?

	1990	1989	1988
Base:	Total 400 %	Total 404 %	Total 385 %
Plan to:			
Lease new space	39	47	50
Build new space	31	34	32
Acquire space and renovate it for a new purpose	26	20	27
Purchase new space	20	24	20
Net: Acquire space	56	59	64
Terminate a lease or sell a facility	49	51	57

Location Plans for Office Operations in Next 13-24 Months

Q.: And thinking about all of your *office operations* in the United States, in the *next 13-24 months* do you plan to (READ EACH ITEM), or not?

	1990	1989	1988
Base:	Total 400 %	Total 404 %	Total 385 %
Plan to:			
Lease new space	41	48	52
Build new space	29	35	36
Acquire space and renovate it for a new purpose	25	22	25
Purchase new space	20	22	21
Terminate a lease or sell a facility	47	47	48

Location Plans for Manufacturing, Warehouse, or Distribution Operations in Next Twelve Months

Base: Involved in wholesale, retail, or manufacturing activities

Q.: Thinking about all of your *manufacturing, warehouse, or distribution operations* in the United States, in the *next twelve months* do you plan to (READ EACH ITEM), or not?

	1990	1989	1988
Base:	Total 210 %	Total 220 %	Total 223 %
Plan to:			
Build new space	31	38	40
Lease new space	28	32	33
Purchase new space	18	20	27
Acquire space and renovate it for a new purpose	20	14	18
Net: Acquire space	48	54	58
Terminate a lease or sell a facility	38	40	40

Location Plans for Manufacturing, Warehouse, or Distribution Operations in Next 13-24 Months

Base: Involved in wholesale, retail, or manufacturing activities

Q.: And thinking now about all of your *manufacturing, warehouse, or distribution operations* in the United States, in the *next 13-24 months* do you plan to (READ EACH ITEM), or not?

	1990	1989	1988
Base:	Total 210 %	Total 220 %	Total 223 %
Plan to:			
Build new space	31	37	38
Lease new space	31	30	33
Purchase new space	21	23	26
Acquire space and renovate it for a new purpose	20	16	16
Terminate a lease or sell a facility	32	34	33

Location Plans and Intentions

Space Changes and Intentions

Following the trend established in 1989, CEOs report a continuation of a decline in plans to acquire either office space or manufacturing facilities over the next twelve months. CEOs anticipating *any* acquisition of office space in the next twelve months have dropped from 64% in 1988 to only 56% in 1990. Specifically, plans to lease new office space reached a high in 1988, with 50% of CEOs reporting their intentions to do so, and has since fallen to only 39% of CEOs in 1990. The proportion planning to build new office space has fallen from 34% in 1989 to 31% in 1990; however, plans to acquire space and renovate it for a new purpose have remained fairly level over the past two *Monitors*, increasing from 20% in 1989 to 26% of CEOs in 1990. Those planning to purchase new space have fallen from 24% in 1989 to 20% in 1990. CEOs expecting to terminate a lease or sell a facility have remained relatively steady, moving from 51% in 1989 to 49% in 1990.

Examination of companies by revenue size provides further insight into office facility plans over the next year. While CEOs of both larger and smaller organizations report office space acquisition intentions that are markedly lower than in 1988, larger companies are more likely than smaller ones to plan office space acquisitions in the next twelve months (61% vs. 54%). Most dramatically, only 35% of CEOs from smaller companies intend to lease new space, compared with 48% of CEOs from larger companies. When asked about intentions to build, renovate, or purchase office space in the next twelve months, the differences are less pronounced: 30% of smaller companies intend to build new space, while 34% of CEOs from larger companies so intend; 24% of CEOs from smaller companies intend to acquire space and renovate it, while 30% in larger companies report their intention to do this; 19% in smaller companies plan to purchase new space, compared with 22% in larger companies. Larger companies report a higher intention to terminate a lease or sell a facility in the coming twelve months; 59% of CEOs anticipate doing so, compared to a lower 44% of CEOs from companies with revenues under $1 billion.

The 13-to-24 month outlook varies somewhat in that intentions to lease, build or purchase new space decrease, while acquiring space and renovating it for a new purpose has increased since 1989, moving from 22% to 25% in 1990. Long-term intentions to lease new space experienced a significant decrease over the previous three years, moving from 52% in 1988, to 48% in 1989, and finally falling to 41% in 1990.

Plans for manufacturing, warehouse or distribution operations show decreases similar to those evidenced in office facilities; net acquisition of space shows a decreasing trend, falling from 58% to 1988 to 54% in 1989 and then down to 48% in 1990. Decreases are found across the board on all forms of space acquisition except acquiring space and renovating it for a new purpose, which has increased from 14% in 1989 to 20% in 1990. Expectations regarding terminating a lease or selling a facility decreased somewhat from 40% in 1989 to 38% in 1990.

When examined by size of company, industrial space plans show similarities commensurate with those reported for office facilities; larger companies (over $1 billion) have increased expectations for all facets of acquiring new space than the smaller companies ($250 million to $1 billion). Consistent downward trends over the past three years continue, with the exception of intentions to acquire space and renovate it, which has increased since 1989, increasing from 17% to 23% in 1990 as reported by larger companies, and 13% to 19% for smaller companies.

Intentions to build, lease, renovate or sell a facility in the next 13 to 24 months show downward trends as well, with the exception of leasing new space, which experienced a nominal 1 percentage point increase between 1989 and 1990, and again, acquiring new space and renovating it, which increased from 16% in 1989 to 20% in 1990.

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